

**STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

Bulletin 2020-33-INS

In the matter of:

Documentation of Qualified Health Coverage

**Issued and entered
this 28th day of July 2020
by Anita G. Fox
Director**

This bulletin supersedes Bulletin 2020-32-INS, which is hereby rescinded.

This bulletin:

- Restates the definition of qualified health coverage (QHC);
- Confirms that insurers should collect documentation from individuals opting out or excluding PIP medical coverage who have QHC or are enrolled in Medicare or Medicaid;
- Confirms that documentation should be collected for such individuals both at the initial issuance of a policy and at every renewal; and
- Describes an insured's obligations and options if an individual who has opted out or is excluded from PIP medical coverage loses QHC during the term of the auto policy.

Public Acts 21 and 22 of 2019 allow individuals who have QHC to make certain choices regarding their no-fault coverage. QHC is health or accident coverage that does not exclude or limit coverage for injuries related to motor vehicle accidents, and for which any annual deductible for the coverage is \$6,000 or less per individual; or enrollment in Medicare Parts A and B. See MCL 500.3107d(7)(b). Per the clear language of the statute, "any annual deductible" that is \$6,000 or less per individual (i.e., an individual deductible) means that the coverage is QHC. This includes any type of individual deductible, whether it is in-network or out-of-network. It also includes deductibles that are offset in any manner (e.g., by funds contributed to health reimbursement accounts). If any individual deductible is \$6,000 or less, that coverage is QHC.

MCL 500.3107d allows a person to opt out of purchasing personal protection insurance (PIP) medical coverage when the applicant or named insured has Medicare and if the applicant's or named insured's spouse, and all relatives that reside in the same household, have qualified health coverage or are covered by another Michigan PIP medical policy. A person opting out under MCL 500.3107d must provide the insurance company or their agent with a document evidencing coverage under QHC. MCL 500.3109a(2) similarly requires an insurer to offer choices that depend on whether a person has QHC. Auto insurers, directly or through their agents, should similarly collect a document demonstrating the QHC coverage, and, if applicable, Medicare enrollment or other QHC documentation for a resident relative, when a person wishes to exclude or choose a PIP medical coverage limit under MCL 500.3109a(2).

In addition, MCL 500.3107c(1)(a) allows a person to select a limit of \$50,000 for PIP medical coverage when the applicant or named insured is enrolled in Medicaid, and the applicant's or named insured's spouse and any relative of either who resides in the same household has QHC, is enrolled in Medicaid, or has PIP medical coverage.

In all of the above-described instances, insurers should not conclude that an individual meets the criteria for their PIP medical coverage choice without collecting documentation regarding QHC or, if applicable, Medicare or Medicaid. For Medicare or Medicaid, documentation can be in the form of a current Medicare or Medicaid card. For other types of health coverage (e.g., employer-based, commercial, or Marketplace coverage), the applicant or insured must provide a document from his or her health insurer or employer stating the names and dates of birth of all persons covered under the QHC, and a statement as to whether the coverage provided constitutes “qualified health coverage” as defined in MCL 500.3107d(7)(b)(i) or that the coverage does not exclude coverage for motor vehicle accidents and has an annual deductible of \$6,000 or less per covered individual. See Bulletin 2020-01-INS.

Auto insurers, directly or through their agents, should collect QHC and, if applicable, Medicare or Medicaid, documentation not only when a person first applies for coverage, but also at every renewal when a person is relying on QHC, Medicare, or Medicaid to make a PIP medical coverage selection. Under MCL 500.3107c(3), if an applicant or named insured has not made an effective PIP medical coverage selection, there is a rebuttable presumption that the amount of the premium paid accurately reflects the level of PIP coverage applicable to a policy. The rebuttable presumption does not apply where a person has opted out or excluded PIP medical coverage.

Both the opt-out and the exclusion depend on the insured having QHC. Collecting documentation regarding QHC ensures that an insurer can verify and document eligibility for excluding or opting out of PIP medical coverage.

Drivers are reminded that, if they have opted out of or excluded PIP medical coverage and they lose their QHC during the term of their auto policy, they must contact their auto insurer within 30 days. If an accident occurs during the 30-day period and the driver has not procured other QHC or PIP medical coverage, the driver would be eligible for benefits under the Michigan Assigned Claims Plan. However, if the accident occurs after the 30-day period and the driver has not secured other QHC or PIP medical coverage, the driver is not entitled to claim PIP medical benefits from any policy or the Michigan Assigned Claims Plan.

Insurers, either directly or through their agents, that are found not to be collecting QHC, Medicare, or Medicaid documentation when issuing or renewing policies where an insured or resident relative opts out or is excluded or selects a PIP medical limit of \$50,000, as may be applicable, whether in the course of an investigation of a consumer complaint or in the course of a market conduct examination, may be subject to administrative action.

Any questions regarding this Bulletin should be directed to:

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/s/

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